

Minnesota Housing Mission and Strategic Priorities

Housing is the foundation for success, so we collaborate with individuals, communities and partners to create, preserve and finance affordable housing.

Minnesota Housing's strategic priorities are:

- Improve the Housing System
- Preserve and Create Housing Opportunities
- Make Homeownership More Accessible
- Support People Needing Services
- Strengthen Communities

Impact Fund Program Overview

The [Community Homeownership Impact Fund \(Impact Fund\) Program](#) is the umbrella name for a variety of Minnesota Housing's limited funding resources for single family housing, including the Economic Development and Housing Challenge Fund (Challenge), Workforce and Affordable Homeownership Development Funds, Agency funds, and other resources when available.

The goal of the Impact Fund is to increase the supply of affordable, owner-occupied, single family housing, while maintaining the safety and habitability of existing owner-occupied, single family homes in communities throughout Minnesota.

Impact Fund dollars are generally offered annually through a competitive Request for Proposal (RFP) process. Please refer to the most current [Single Family Request for Proposal \(RFP\) Application Guide and Instructions](#) found on Minnesota Housing's website for fund availability and deadlines.

Eligible Applicants

Eligible applicants include local governments, Housing and Redevelopment Authorities, nonprofit organizations, for-profit organizations and private developers, Indigenous housing corporations and Tribal governments, public housing agencies, and joint powers boards established by two or more cities.

Eligible Uses

The Impact Fund may be used to address the following activities related to single family, owner-occupied housing, including manufactured homes:

- **Affordability Gap***: Deferred loans or grants to homebuyers to cover the difference between the purchase price of a home and the first mortgage for which a homebuyer qualifies.

- Owner-Occupied Rehabilitation: Deferred loans or grant to homeowners to cover the costs of home rehabilitation or to write down Community Fix Up interest rates.
- Value Gap: Grants to administrators to cover the difference between the total development cost and appraised value of a unit.
 - New construction of single-family homes
 - Acquisition, rehabilitation, resale of single-family homes
- Tribal Indian Housing Program (TIHP)*: Grants to TIHP administrators to recapitalize TIHP revolving funds.

* Not eligible for Workforce and Affordable Homeownership Development Program.

All funded projects must result in homes that are:

- Owner-occupied;
- Residential in nature;
- No more than four units with at least one unit occupied by the owner of the structure;
- Occupied by eligible homebuyers or homeowners (see [program income limits](#)); and
- Affordable to the local workforce.

Income Limits

Income limits for eligible activities that receive financing from the Impact Fund cannot exceed 115 percent of the Impact Fund area median income (AMI). [Income limits](#) are found on Minnesota Housing’s website.

Type of Funds Available

A. Interim Loan

A short-term unsecured loan made to an Administrator to assist with acquiring, demolishing, rehabilitating or constructing owner-occupant homes. Interim loans may not be transferred to eligible homebuyers. An interim loan requires monthly interest payments, quarterly financial reporting and must be repaid as specified under “Repayment Provisions” below.

B. Deferred Loan

A non-amortizing, zero percent interest loan made to a household or to an Administrator that must be repaid as specified under “Repayment Provisions” below. Deferred loans made to a household are originated and closed by the Administrator then assigned to Minnesota Housing.

C. Grant

A grant to finance value gap (i.e., the difference between the total development cost and the after-improved appraised value of a home) and other eligible activities for which Minnesota Housing may not recapture loans without increasing housing costs beyond affordability to the eligible homebuyer. In deciding whether to award grant funds,

Minnesota Housing will consider administrative ease and whether the award will expand and preserve affordable housing opportunities over time.

Funding Terms

All funded housing activities must result in safe, habitable, affordable single family owner-occupied housing that conforms to the Minnesota State Building code and local codes and regulations. Applicants are encouraged to form working partnerships with one or more entities to achieve the objectives stated in their proposal.

The type, terms and conditions of assistance will vary depending on the needs outlined in each proposal and the availability of funding resources. Generally, if an activity may be addressed through a loan rather than a grant, a loan will be offered.

Awarded projects must be completed within 20 months from the grant or loan period of the contract. Awarded interim loans may have a Repayment Date of up to 26 months; however, the Agency may adjust the loan terms based on a financial feasibility analysis by Agency staff or requirements and conditions of other funding sources. The determination of financial feasibility is based on whether all sources of funding are available and sufficient to cover the total development costs of the housing.

Prevailing Wage

Awards made through the Impact Fund may trigger state prevailing wage requirements under Minn. Stat. § 116J.871. In broad terms, the statute applies to awards that meet the following conditions: (1) new housing construction (not rehabilitation); and (2) a single entity receives \$200,000 or more of grant proceeds or \$500,000 of loan proceeds from Minnesota Housing under one award. There is an exclusion for new housing construction in which total financial assistance for a single project site is less than \$100,000. Please note the following statutory provisions that apply to this funding:

- A state agency may provide financial assistance to an Administrator only if the Administrator receiving or benefiting from the financial assistance certifies to the Commissioner of Minnesota Department of Labor and Industry that laborers and mechanics at the project site during construction, installation, remodeling, and repairs for which the financial assistance was provided will be paid the prevailing wage rate as defined under the Prevailing Wage Act, including Minn. Stat. § 177.42, subd. 6; Minn. Stat. § 116J.871, subd. 2, and any applicable Rules (Minn. R. 5200.1000- 5200.1120).
- It is a misdemeanor for a person who has certified that prevailing wages will be paid to laborers and mechanics under Minn. Stat. § 116J.871, subd. 2 to subsequently fail to pay the prevailing wage. Each day a violation of this subdivision continues is a separate offense. Minn. Stat. § 116J.871, subd. 3.

If the project site is used for a building that is publicly owned or leased, additional statutory requirements may apply.

Visitability

Visitable unit design and construction allow people with mobility impairments to enter and comfortably stay for a duration and is required under [Minnesota Statute §462A. 34](#). All new construction units must incorporate all of the following elements:

- 32-inch clear opening doorways throughout the unit;
- At least one no-step entrance; and
- A half bath, or larger bathroom, on the main level.

Visitability does **not** apply to funding requests made for the following Activities:

- Acquisition, Rehabilitation, Resale,
- Stand-Alone Affordability Gap;
- Owner-Occupied Rehabilitation; or
- Tribal Indian Housing Program.

Green Communities Criteria

All acquisition, rehabilitation, resale activities and new construction are required to adhere to the most current Green Communities Criteria. Current [Green Communities information and requirements](#) can be found on Minnesota Housing's website.

NOTE: If your organization is awarded funds, administration of the program must comply with all the requirements within the [Community Homeownership Impact Fund Program Procedural Manual](#).

Repayment Provisions

Minnesota Housing oversees the use and repayment of all program funds.

Interim Loans plus interest, if any, must be repaid when one or more of the following occurs:

- Administrator ceases to use the funds as stated in the application.
- Administrator does not use the funds within the term allowed.
- Administrator does not use funds per the Loan Contract.
- Monthly interest payments.
- At the end of the loan term.

Deferred Loans to Homebuyers/Homeowners must be repaid when one or more of the following occurs:

- The borrower ceases to reside in or own the qualified dwelling unit as their principal residence.
- The home is sold, transferred, or otherwise conveyed by the borrower.
- On the date that is 30 years from the date of the loan closing or at the end of the loan term as stated in the Impact Fund mortgage note.

Deferred Loans to the Administrator must be repaid per the Deferred Loan Contract.

Grants generally do not require repayment.

RFP Scoring Information

All RFP applications will be discussed, evaluated, scored and ranked by program staff and a selection committee. The selection committee is comprised of Minnesota Housing senior leadership staff and program staff.

The selection committee evaluates applications based on the selection standards, the funding priorities and additional information as requested in the current RFP. See [current scoring criteria](#) on Minnesota Housing's website.

Selection Standards: To be considered for funding the applicant **must** satisfy the following threshold requirements:

- A. Organizational Capacity.** This includes the Applicant's related housing experience, demonstrated successful completion of similar projects, progress on current awards, organizational financial capacity and other organizational due diligence factors (e.g., good standing with the State of Minnesota, organizational internal operations policies, outstanding legal matters, performance and compliance with past and current Impact Fund awards, etc.).
- B. Project Feasibility.** This includes the extent to which reasonable development costs are proposed, how proposed development costs and subsidies compare to historical costs of similar Impact Fund projects, and the extent to which the proposal is economically viable.
- C. Community Need.** This includes the extent to which the proposed project addresses a well-defined community need for the housing activity in the target geography based on local demographic, workforce, market and economic factors.

Program Contacts

For technical assistance, please contact one of the Minnesota Housing staff below.

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